

**MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
AUGUST 21, 2007
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Tuesday, August 21, 2007 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Tuesday, August 21, 2007 the following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, James Sullivan, Joe Moore and Eugene Winkler.

At 9:55 a.m. on Tuesday, August 21, 2007 Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending Litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters;**
- 4. Closed session minutes; and**
- 5. Evidence and testimony presented in disciplinary hearings.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 1:30 p.m. The Board went into Open Session at 1:40 p.m.

Roll call was taken for the start of the open session with Chairman Jaffe, Members Moore, Gardner and Winkler. Member Sullivan was not initially present.

APPROVAL OF MINUTES

Member Gardner moved that the Board approve the closed session minutes of its Regular Meeting of July 16 and 17, 2007, the Special Meeting of July 23, 2007, and the open session minutes of the Regular Board meeting of July 17, 2007 and the Special Meeting of July 23, 2007. Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

CHAIRMAN'S REPORT/COMMENTS – no motion

BOARD MEMBERS' COMMENTS – no motion

Member Winkler commented on the ICGA SEP/Problem Gambling Seminar at Empress Casino in Joliet. The day-long seminar sponsored by Bensinger DuPont and Associates was devoted to teenage addicted gambling and the afternoon to middle age gambling. It was done very well, a great job. All are concerned about responsible gaming and we have the strongest self-exclusion programs in the country. The IGB instituted a carding system for everyone up to 30 years of age, however older age groups make up a greater percentage of SEP patrons and we all need to do a better job of keeping these patrons out of the casinos.

ADMINISTRATOR'S REPORT – no motion

Administrator Ostrowski stated that the next Board meeting, September 17 and 18, 2007 will be held at the Casino Queen in East St. Louis. Closed session will be on the 17th and Open session will be on the 18th.

Let the record show that Member Sullivan has entered the meeting at approximately 1:50 p.m.

PUBLIC COMMENTARY – Kathy Gilroy

Ms. Gilroy's presentation:

Good afternoon, Chairman Jaffe, members of the Board and staff. This marks my 5th appearance before this Board to speak on the inadequacy of your so-called "self-exclusion program. The last time was a year and a half ago. At that time, both the Chicago Tribune and the Sun-Times had editorials recommending carding everyone entering casinos.

I hope you read the story in last Friday's Tribune about the addicted gambler who must have signed up to be banned twice, since he claimed to have first enrolled in 1998 when it would have been only one casino's program. He eventually got caught when he tried to cash in on \$22,000 of winnings. According to the program rules, he had to forfeit his winnings. So, at some point, he had also enrolled in the IGB's program.

There are some obvious discrepancies between what the addicted gambler claims he did and the way the program works. But, the fact remains that he continued to gamble and lose money for 9 years after signing up to be "banned" twice during that time.

It is also interesting that, even now, he is only 34 years old. That means he already knew he needed help at the age of 25. He has been dealing with this gambling addiction for over 1/4 of his life.

At the June meeting, you heard about a lady of retirement age dealing with the same gambling addiction. So, age has nothing to do with the problem.

Yet, your current policy is to check ID at the door of only those who appear under age 30. That policy did not catch the 34-year-old. And, of course, it did not catch the 60-something either.

And, since only around 10% of the thousands who have signed up for the program are actually under age 30, and since it is also a subjective decision of who looks under 30, and like the subject of the story, many age out of the under-30 category, your current policy has leaks like the levees in New Orleans.

And tell me, why should the casinos catch anyone on the list? Letting those thousands of addicted gamblers continue to gamble only enhances the casinos' bottom line.

Chairman Jaffe, you made a comment at the June meeting that Illinois is a leader in the field with its self-exclusion program. That's not saying much for the rest of the country. That's like bragging about how many toys you've sold that are contaminated with lead paint. If people are getting hurt, you have got nothing to brag about.

The only way to stop the hurt and get the lead out of this program is to check every ID at the entrance against the list who've requested to be banned, not just those who look under 30. You know that's the truth. I challenge you to really lead the nation and put some teeth into your program by requiring casinos to check every ID and deny those on the list entrance to the gambling area. Granted, doing that will affect casino revenues. But, what is more important to this Board, the best interests of the casinos or the best interests of the public?

If you will require carding everyone, you will be lauded for having the courage to do what's right. Recall your old, out-dated, ineffective "self exclusion" program and give the people who've signed up what they want: to be physically banned from the casinos.

The Tribune editorial on January 8 2006, titled "Locking Out Problem Gamblers" declared that "The state has an uneasy alliance with gambling-it balances its budget on the take from gambler's losses. It has a responsibility, then, to help draw a line between entertainment and compulsive behavior."

There are strict suitability requirements in the financial world of insurance, investments, and, now, mortgages. Where is the suitability test for gambling? Certainly, gambling is not suitable for a compulsive gambler who has requested to be banned.

But, what about someone who borrows money to gamble? What if they can't pay it back? Is gambling suitable for them? How entertaining is to lose your house because of your gambling?

I have included with my handout copies of judgments, liens, and foreclosures involving casinos you regulate, some for as little as \$500, some as large as \$55,000. Has that line between entertainment and compulsive behavior been crossed in these cases? Will you allow this unsuitable behavior to continue? What about someone who commits a crime in order to gamble? Shouldn't they be banned also?

I noticed that you are not voting on Harrah's license renewal today. You will notice that many of those judgments are by Harrah's. If they grant credit foolishly, shouldn't they just eat their losses like gamblers do? Do you still call it entertainment when a gambler loses their house? Loans for gambling used to be considered non-collectible.

I would also like to call the Board's attention to promotions currently being conducted at Harrah's, Hollywood and Empress casinos, all of which fulfill the definition of raffle in the Illinois Raffles Act. Yet, casinos are not licensed nor authorized by the Riverboat Gambling Act to conduct raffles. I spoke to Mr. Fries and Mr. Ostrowski about this a month ago. They insisted these promotions are approved. but, based on what? Raffles are not an approved game for casinos.

According to the book "Gambling and the Law," an approval cannot override a state statute. Without a raffle license, in order for these promotions involving drawings to proceed lawfully, there must be a method of entry that does not involve consideration. The disclosure "No purchase necessary" and the alternate method of entry must appear in their ads. I have included in your handout an ad from Blue Chip Casino in Indiana showing those requirements done properly.

The IRS reporting rule is also different for raffles. Are the casinos reporting wins over \$600, as required?

Finally, federal law makes it a felony, \$20,000 fine, and up to 5 years in prison for running a gambling business in violation of a state law, that last more than 30 days or takes in more than \$2000 in a single day, and involves five or more persons. Lack of knowledge of the law does not make one exempt from the law.

Shouldn't a company as large as Harrah's have someone, or hire someone who knows these laws as well as I do? Or, don't they care? Are Illinois casinos taking advantage of the fact that they are getting away with illegal promotions?

To come full circle, these raffles entice the very people who should be banned, without the casino having to send out marketing material to their home. Of course, in the end, the casino may just take the home anyway. Isn't that an entertaining thought?

OWNER LICENSEE ITEMS

- Casino Rock Island – Doug Klingaman, Casino Manager, Level One

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve Doug Klingaman, Level One Occupational Licensee, in the position of Casino Manager at Jumer's Casino Rock Island located in Rock Island, Illinois.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner went on to ask how construction is proceeding at the new location? Mr. Milne went on to give a briefing on the status.

- Casino Queen – Mary Ann Kenny Smith – Key Person

Based on a review of staff’s investigation and recommendation, Member Moore moved that **the Board approve Mary Ann Kenny Smith, as a Key Person of the Casino Queen, Inc.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

SUPPLIER LICENSEE ITEMS

- Aristocrat Technologies, Inc. – Timothy J. Parrott, President & Chief Executive Officer – Key Person

Based on a review of staff’s investigation and recommendation, Member Winkler moved that **the Board approve Timothy John Parrott as a Key Person, in the position of President & Chief Executive Officer of Aristocrat Technologies, Inc.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Alliance Gaming – Richard Haddrill, President and Chief Executive Officer – Key Person

Based on a review of staff’s investigation and recommendation, Member Winkler moved that **the Board approve Richard Haddrill as a Key Person, in the position of President/Chief Executive Officer of Bally Gaming, Inc.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Happ Controls, LLC – Charles E. Turnbull, President/CEO – Key Person

Based on a review of staff’s investigation and recommendation, Member Winkler moved that **the Board approve Charles E. Turnbull as a Key Person, in the position of President/Chief Executive Officer of Happ Controls, LLC.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Chief Counsel Fries commented on Ms. Gilroy’s inquiry pertaining to the “lottery taking place at the casinos”. Mr. Fries asked Ms. Gilroy to put something in writing pertaining to her concerns. That was at last month’s meeting, and Fries went on to state that they are still waiting for her letter. In the meantime, Chief Counsel Fries is having Bill Bogot, one of the attorneys on staff, look into her concerns adding that the issue is still being researched.

OCCUPATIONAL LICENSES APPROVALS & DENIALS - Level 2's & 3's

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve 52 applications for an Occupational License, Level 2, and 251 applications for an Occupational License, Level 3.**

Further, Member Sullivan moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

- 1. Velgster Hemphill;**
- 2. Jenefer H. Jirdon;**
- 3. Tequilla S. Brewster;**
- 4. Robin M. Williams;**
- 5. Denise Renee Churchill;**
- 6. LaWesla Deanne Matlock;**
- 7. Delmar Baxter; and**
- 8. Charles Edward McDowell**

Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATIVE HEARING/ALJ REPORT

- Raymond Mercado – Request for Hearing

Pursuant to section 405(a) of the Board's Adopted Rules Member Gardner moved **to deny Raymond Mercado's request for hearing based on the following:**

- 1) The Board may deny a request for hearing if the statement of reasons and facts in the request does not establish a prima facie case;**
- 2) Pursuant to section 9(a)(2) of the Riverboat Gambling Act an applicant is ineligible for an occupational license if he has been convicted of a felony;**
- 3) In his request for hearing Mr. Mercado admitted that he was convicted of a felony in 1995; and**
- 4) Mr. Mercado is statutorily ineligible for an occupational license and, further, has not set forth reasons and facts in his request for hearing that establish a prima facie case as to the 1995 conviction.**

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS

- Zetta Walker, Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Zetta Walker, an occupational licensee, because she admitted that she received and intentionally kept a \$50 gratuity from a patron rather than placing the tip into a secured box as required by internal controls.**

Further, Member Moore moved that **the Board revoke Zetta Walker's occupational license. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- India Wooley, Occupational Licensee

Based on staff's investigation and recommendation, Member Gardner moved that **the Board issue a Disciplinary Complaint against India Wooley, an occupational licensee, because she admitted serving drinks to patrons, accepting payment for the drinks, failing to ring up a number of the drinks and keeping the payments for herself.**

Further, Member Gardner moved that **the Board revoke India Wooley's occupational license. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Cara E. Lewis, Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Cara E. Lewis, an occupational licensee, due to her serving drinks to patrons, accepting payment for the drinks, failing to ring up a number of the drinks and keeping the payments for herself.**

Further, Member Winkler moved that **the Board revoke Cara E. Lewis' occupational license. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

- Matthew W. Valentine, Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Matthew W. Valentine, an occupational licensee, for his failure to disclose a July 19, 2007 arrest to the IGB.**

Further, Member Moore moved that **the Board suspend Matthew W. Valentine's occupational license for 3 days without pay. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Lauren Liberty Batenic, Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Lauren Liberty Batenic, an occupational licensee, for her failure to disclose a February 10, 2007 arrest to the IGB.**

Further, Member Moore moved that **the Board suspend Lauren Liberty Batenic's occupational license for 3 days without pay. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Alfred Reimen, Occupational Licensee

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Alfred Reimen, an occupational licensee, for his failure to disclose a June 30, 2007 arrest to the IGB.**

Further, Member Sullivan moved that **the Board suspend Alfred Reimen's occupational license for 3 days without pay. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Winkler responded to the statement that Ms. Gilroy made when addressing the Board earlier. He went on to state that the Board as a whole struggles about all the decisions that they make and no decision is easy. The ethical implications are always considered. The Board is very concerned about the issues that she addressed. The Board is not in alliance with the ICGA.

Gambling is here to stay in Illinois unless the Governor and legislature come up with a different way to fund the state budget. The Board deals with all of this as ethically as they can. The Act is always followed. Rev. Winkler stated that what the Chicago Tribune states does not bind the Gaming Board. The Board is very concerned about the addictive gamblers, the employees of the casinos, and the Board tries to be sensitive to all concerns.

Member Gardner commented about the revocation, denials and suspensions. Four of the eight denials were because the people that submitted the application were statutorily ineligible to work in the industry. Applications should not be provided to convicted felons. A convicted felon cannot work in the industry. Member Gardner went on to say that the casinos need to do a better job of screening those applications. Four of the denials and three of the suspensions have to do with arrests. An employer can't ask an employee about arrests. Applicants are suppose to disclose arrests. Please make it clear to the applicants to disclose everything. Not disclosing these arrests are grounds for precluding employment. Remind your prospective and current employees of these rules. If an employee is arrested they must report it.

Chairman Jaffe commented on Ms. Gilroy's statements in her presentation; this Board does struggle with every decision that it makes. The Board is thoughtful and considerate, and the Chairman stated that he is very honored to be on the Board. Our staff is about the best in the country. Making the comment comparing our staff to selling toys with leaded paint is just ridiculous.

ADJOURNMENT

At 2:20 p.m. Member Winkler motioned for adjournment while Member Gardner second the motion.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator